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REPORT TO THE CONGRESS

Rescission Of The Opium Poppy Growing Ban By Turkey

B-173123

Department of State
Agency for International Development

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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SEPT. 9, 1974



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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To the President pro tempore of the Senate and the
Speaker of the House of Representatives

This is our report on the rescission of the opium poppy growing ban by Turkey. We are issuing this report to provide current information that may be useful to the Congress, which is considering legislation before both Houses providing that it is the sense of the Congress that the President immediately initiate negotiations with the Turkish Government to prevent the resumption of opium production or eventually suspend all assistance to Turkey or any other opium-producing country that fails to prevent diversion of drugs into illicit channels.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Interest in our review of the Turkish opium ban problem has been expressed by the Chairman, Subcommittee on Foreign Operations, Senate Committee on Appropriations, during hearings held before the Subcommittee on March 25, 1974. Similar interests have been expressed by other Members of Congress, including the Chairman, Special Subcommittee on International Narcotics Control, House Committee on Foreign Affairs.

The report consists primarily of first-hand information obtained from U.S. Embassy and Agency for International Development officials during our visit to Turkey in mid-July 1974, including visits to income replacement projects in former poppy-growing areas.

A General Accounting Office report to the Congress on U.S. economic assistance to Turkey to be issued soon also includes information on the Turkish opium ban problem. Another related report in process to be issued to the Congress discusses our evaluation of overall U.S. efforts to assist foreign governments in eliminating the production and trafficking of illicit narcotics.

We discussed the results of our review with officials of the Department of State and the Agency for International Development and considered their views in preparing this report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of State; and the Administrator, Agency for International Development.

James P. Stacks

Comptroller General
of the United States

RESCINDING THE OPIUM BAN

Criticism within Turkey of the poppy ban began almost immediately after Turkey's decision in June 1971 to ban opium production. The ban issue eventually became one of the main themes of political candidates, particularly those on the local level vying for votes of Turkish farmers in the 1973 election. Before his election as Prime Minister, Bulent Ecevit promised to review the opium ban; but he made no promise to lift the ban. After the election, pressure for rescinding the ban increased.

In the final months preceding the actual announcement, articles appeared in the Turkish press indicating that resumption of poppy cultivation was imminent. One such article quoted the Minister of Agriculture as having told the newspaper that:

"In complete accordance with the principles of the only agreement we have signed, the supervised and licensed cultivation of poppies within a specified area is planned. The goal is to reach the level of cultivation of 1967, to fill the need for raw opium in the world and to obtain approximately 200 tons of the raw material. The written decision will be made public by July 1 at the latest and will clearly define the areas and conditions for cultivation."

According to existing Turkish law, any announcement to resume poppy cultivation had to be made by July 1, 1974.

Because of the wide disenchantment in Turkey over the ban on growing opium poppies and despite U.S. efforts to encourage the Turkish Government to maintain the ban, the Turkish Government, on July 1, 1974, decreed the resumption of poppy cultivation.

The Turkish Council of Ministers, without giving prior notice to the United States as originally promised, announced its decision to permit opium poppy cultivation in seven provinces--three more than had been allowed immediately before the ban--during the 1974-75 season.

The principal reasons cited by the Turkish Government for wanting to resume opium poppy cultivation were (1) Turkey was under no obligation to maintain the ban since the ban was imposed by a military-backed government and not a democratically elected government which now exists, (2) the growing worldwide shortage of opium gum for licit drug production and U.S. support for India to increase its production, and (3) the undue hardship imposed by the ban on the Turkish economy, particularly the poppy farmer.

The Turkish Government maintained that it had no agreement with the United States and that it had acted unilaterally in imposing the ban for humanitarian reasons. The United States had transmitted a memorandum of understanding to the Turkish Government signed by the U.S. Ambassador. This was done in direct response to the Turkish ban decision, and the U.S. pledge of \$35 million, later increased to \$35.7 million, was made in the memorandum dated July 16, 1971. The Turkish Government did not officially respond to this memorandum. However, a \$2 million grant agreement dated January 7, 1972, and a \$10.4 million grant agreement dated May 4, 1972, both for utilization of part of the \$35.7 million pledge, were signed by the United States and Turkey. The \$2 million grant agreement was increased to \$5 million and then to \$10 million by jointly signed amendments dated June 19, 1972, and March 15, 1973, respectively.

These agreements incorporate the U.S. Ambassador's memorandum of understanding by specific reference, and, therefore, the memorandum has been considered by the United States as a binding agreement. The \$10.4 million provides up to \$10 million for income substitution programs in the former poppy-growing area plus an additional \$400,000 to cover the cost of American or other technical expert assistance. The incorporated memorandum of understanding states that the grant is in exchange for Turkey's announced decision to ban further cultivation of the opium poppy. The three other signed grants totaling \$10 million were designated for compensation to Turkey for foreign exchange losses incurred because of the ban.

With regard to Turkey's rationale for lifting the ban, a Turkish official said that reasons given by his Government for lifting the ban--the worldwide opium shortage and the U.S. encouragement given to India to increase opium production--were merely excuses. The real reason he said for the ban's removal was "domestic politics." The present Government had not succeeded in carrying out campaign promises, such as reducing inflation. Because of proposed elections in October 1974, the only campaign promise left to turn to was rescinding the ban.

The undue hardships to poppy farmers refer to the loss of income suffered by farmers who formerly raised opium poppies. The United States provided the funds which the Turkish Government used to make payments directly to the farmers.

The following schedule shows the status of the \$35.7 million U.S. grant to Turkey.

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	<u>Pledged by United States</u>	<u>Obligated by United States</u>	<u>Released to Turkey</u>	<u>Expended by Turkey</u>
	(millions)			
For compensation	\$15.0	\$10.0	\$10.0	\$ 7.6
For income replacement	20.4	10.4	5.3	3.2
For control and collection of last crop	<u>.3</u>	<u>.3</u>	<u>.3</u>	<u>.3</u>
Total	<u>\$35.7</u>	<u>\$20.7</u>	<u>\$15.6</u>	<u>\$11.1</u>

To date, about \$20.1 million of the \$35.7 million in grant funds pledged by the United States have not been released to the Turkish Government.

COMPENSATION TO FARMERS

In response to Turkey's decision to ban opium production, the U.S. pledge of grant assistance included \$15 million spread over 3 to 4 years to compensate Turkey for losses of free foreign exchange which it would otherwise have continued to earn from legal sales of poppy gum in the world market. The Turkish Government decided to use the entire \$15 million to make direct payments to farmers driven out of production by the ban. The United States released \$10 million but withheld the remaining \$5 million when it learned of Turkey's intention to lift the ban.

On June 10, 1974, the U.S. Mission received a letter from the Turkish Ministry of Finance containing official information requested on compensation payments to farmers. The Turkish Ministry reported that about \$2.2 million was paid to farmers in 1972 and that about \$5.4 million was paid in 1973 for opium harvests that would have occurred in those years. As of May 28, 1974, a total of \$7.6 million had been paid to farmers.

Some farmers eligible for payments had not yet applied for compensation. Data available at the Mission indicated that uncollected funds amounted to \$177,000 and involved about 2,300 farmers, whereas the collected funds of \$7.6 million applied to over 61,000 farmers.

Before lifting the ban, Turkish officials were considering the payment of \$5.6 million to poppy farmers for harvests that would have occurred in 1974. In addition, consideration was being given to paying \$3.5 million in compensation to former poppy seed oil processors.

We talked to some farmers in mid-July. Our discussion indicated that none of the farmers had been compensated for the harvest that would have occurred in 1974. Some of the farmers seemed more interested in growing poppies for the byproducts--poppy seeds and edible oils--rather than in growing poppies for opium gum.

INCOME REPLACEMENT PROJECTS

Direct compensation to the farmers was intended as a temporary measure. Turkey and the United States realized that the success of the ban depended on replacing farmers' income losses through substitute agricultural activities and long-term development of the poppy region. The \$35.7 million grant included \$20.4 million earmarked for alternative agricultural income projects.

Implementing the income substitution program has been slow. The grant agreement for utilization of \$10.4 million out of the \$20.4 million was signed by the United States and Turkey in May 1972. As of May 1974, only \$5.3 million had been transferred to the Turkish Government and only \$3.2 million had been expended on projects. After the ban revocation was announced, the United States decided not to release any additional funds.

We did find, however, that progress had been made with the money released thus far. The projects we visited in mid-July in two provinces were either complete or near completion. For example, wheat and sunflowers were being grown in both provinces on land which formerly grew opium poppies. An irrigation project was near completion and will be used to help farmers grow various agricultural crops, such as barley and wheat. Based on our discussions with them, farmers appeared satisfied with their individual crop substitution projects.

The following schedule shows the status of expenditures for projects as of May 28, 1974, from information supplied by the U.S. Mission and the Turkish Government.

<u>Projects</u>	<u>Released by United States</u>	<u>Expended by Turkey</u>
Administration	\$ 500,000	\$ 165,246
Wheat production, 1972	58,036	54,225
Livestock fattening	864,786	348,521
Irrigation, 1972	640,786	525,882
Oil seeds study	14,593	13,626
Forage and pasture	316,008	317,787
Compensation research	21,429	20,154
Sunflower development	542,857	483,476
Irrigation, 1973	726,126	438,416
Handicrafts study	4,693	1,052
Suitable products research	9,286	9,286
Cattle development	341,875	201,503
Dairy products plant	212,587	188,416
Wheat production, 1973	855,715	309,782
U.S. Department of Agriculture technical assistance	<u>199,483</u>	<u>88,306</u>
Total	<u>\$5,308,260</u>	<u>\$3,165,678</u>

CONTROL IN POPPY-GROWING AREA

Turkey has granted permission for opium production in six provinces and parts of a seventh beginning in the fall of 1974. These seven of Turkey's 67 provinces represent a contiguous rural area of some 14,600,000 acres, of which about 33,000 acres had been devoted to poppy growing. In 1971, some 89,000 farmers cultivated poppies, typically on small plots.

We visited two provinces and observed vast stretches of low-lying mountain ranges containing obstructions and hindrances, such as rock formations and sparsely wooded areas. Much of the area included rough landscape and steep grades with narrow winding roads, which restrict accessibility to farm animals and jeep-type vehicles.

This rugged terrain would make it difficult, if not virtually impossible, to maintain effective control over poppy production once cultivation is resumed. The degree of monitoring and surveillance efforts required to prevent illicit opium diversions could prove to be beyond the capabilities of Turkish authorities.

We discussed our observations with Drug Enforcement Administration representatives in Turkey, and they agreed with our observations; they also expressed the belief that the rugged geographical area of the seven provinces did not lend itself to effective surveillance.

GAO OBSERVATIONS

We believe it is important that the United States primarily consider negotiating vigorously at the highest level of the Turkish Government for reversing the decision to resume opium production. Whether or not Turkey resumes opium production, and as a secondary but equally important aspect, we believe the United States should consider the feasibility of urging the Turkish Government to go forward with the full development of income replacement projects already implemented, as well as proposed agricultural activities which most likely would lead to the reduction of poppy growing.

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